

15 December 1959

**BACKGROUND: OVERSEAS CHINESE IN SOUTHEAST ASIA**

I. The Overseas Chinese in Southeast Asia, estimated at approximately 12,000,000 and varying from 76.5 percent of the population in Singapore to 1.5 percent in the Philippines, provide the major commercial and financial leadership and are the political enigma of the area. Almost invariably they formally reflect the ideological orientation of their host government, but their private preferences for Peiping or Taiwan are closely guarded. For the host governments the generally unassimilated overseas Chinese remain a political headache.

A. In Burma, where official estimates place the Chinese at 300,000 and totals probably run closer to 500,000 (2.6 percent of the total population of 19,500,000) Chinese preference, where expressed, is pro-Peiping. The Bank of China and the Chinese Communist embassy are powerful influences and KMT activity is officially suppressed. Military operations by KMT irregulars in the Northeast undermine the status of pro-Taiwan Chinese. Naturalization and assimilation are possible but difficult and prudence causes most Chinese to avoid politics.

B. Cambodia's relations with Peiping encourage the estimated 300,000 overseas Chinese (6 percent of the total population of 5,000,000) to take official pro-Peiping positions. They, however, take little direct part in politics of Cambodia. Chinese Communist control over this group--through the Bank of China, the embassy, and local organizations--is well advanced.

~~CONFIDENTIAL~~

Approved For Release 2001/08/14 : CIA-RDP79R00890A001100120008-4

- C. In Indonesia, overseas Chinese number 3,000,000 in a total population of 85,000,000, or 3.5 percent. Peiping fears that the Djakarta measures forcing 300,000 rural Chinese to move into urban centers will ultimately be followed by complete exclusion of Chinese from business activities. Pro-KMT Chinese have already been eliminated from all economic activities. Chinese are economically powerful and deeply disliked by the Indonesians.
- D. Laotian overseas Chinese number 30,000 or 1.5 percent of the total population of 2 million. They are essentially unimportant in Laotian domestic and international problems.
- E. Malayan Chinese--37.2 percent of the Federation's population--2,343,600 of 6,300,000--are economically dominant in Malaya. More than 90 percent of Malayan Communists are Chinese. Chinese also make up a substantial majority in the legal left-wing political parties. Conservative Chinese give major financial support to Prime Minister Abdul Rahman's government through the Malayan Chinese Association. For the Federation internally and for its relations with Singapore, the major problem is the cultural Malayanization of the Chinese. Deep rooted cultural antipathy between Malay and Chinese creates an inherently explosive situation for the country.
- F. The 1.5 percent of the Philippine population which is Chinese (330,000 in a total of 22,000,000) is formally pro-Taiwan. Economically influential and assimilated into the Philippine society in the past, today's unassimilated Chinese are heartily disliked by nationalist Filipinos and have almost no political influence. -2-

Approved For Release 2001/08/14 : CIA-RDP79R00890A001100120008-4

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Approved For Release 2001/08/14 : CIA-RDP79R00890A001100120008-4

- G. Singapore is controlled by overseas Chinese who comprise 76.5, or 1,185,000, of the total population of 1,550,000. Though the bulk of this population is pro-mainland China in orientation, the future of Singapore depends upon maintenance of good relations with the Federation of Malaya. Currently the Chinese-dominated leftist government is pressing Malayani- zation in order to appeal to the Malay-dominated government of the Federation.
- H. Thailand's Chinese are formally pro-Taiwan, although most are politically apathetic. They comprise 15.1 percent of the population (3,171,000 in a total of 21,000,000), they are under constant pressure to assimilate culturally and, with the relative stability and continuity of Thai government, they constitute little problem for Thailand. The Chinese Communist Party in Thailand is believed to enjoy some clandestine influence, but must act circumspectly because of Thai police security measures.
- I. The Chinese of South Vietnam, estimated at 830,000 or 6.9 percent of the total population of 12,100,000 have knuckled under--after strong resistance from 1956 to 1958--to the Vietnamese government's determined assimilation program. As elsewhere in Southeast Asia, they are economically powerful, reflect the orientation of the host government-- pro-Taiwan--and politically weak.

~~CONFIDENTIAL~~